



Retiree Medical Insurance

Presented to CMGRA
(Retiree Association)

April 22, 2014

Agenda & Objectives

Agenda

- Current Retiree Medical Plans
- Future Strategies

Guiding Principles

- Maintain benefit value for retirees
- Limit/reduce retiree medical costs
- Limit/reduce OPEB liability



Current Retiree Medical Plans

Eligibility Requirements:

- Must have been a County employee by July 1, 2010
- Must be eligible to retire from LGERS
- Must retire from Mecklenburg County

County Contributions:

10-19 years of service = 50% of individual coverage
20+ years of service = 100% of individual coverage



Current Retiree Medical Plans

Non-Medicare Eligible:

Have the same plan as our active employees
Approximately 600 retirees

Medicare Eligible:

County plan pays secondary to Medicare
County provides enhanced level Rx coverage
Approximately 760 retirees



Current Retiree Medical Plans

- Plan designs have not substantially changed in 20+ years
- Board eliminated eligibility for new employees hired after July 1, 2010
- Future strategies for plan designs should address stated objectives



Future Strategy

- The market for Medicare retiree medical insurance has changed over the past 10-15 years
- Many plan options exist in the market now that individuals can purchase that pay secondary to Medicare
- Market for pre-65 individual plans are less developed and limited to exchanges



Future Strategy: Key Terms

Health Reimbursement Account (HRA):

- Employer funded & owned
- Tax advantaged
- Reimburses retirees for premiums/expenses



Medicare Eligible Retirees

- Reviewing a model that transitions from current group insurance approach to retiree directed options
- County may provide cost reimbursement through a Health Reimbursement Account
- Partner with an administrative coordinator (“exchange”) to facilitate access and enrollment



Medicare Eligible Retirees

- The County can provide equivalent or better coverage for less than it is currently spending to provide group coverage
- The County will help with out of pocket costs due to Medicare gaps such as the donut hole



Medicare Eligible Retirees

Retirees Win	The County Wins
<ul style="list-style-type: none">• Increased options• Individuals can “right size” their coverage• Potential cost savings• Administrative <p>Coordinator will assist retirees with their choices/enrollment</p>	<ul style="list-style-type: none">• Reduces program mgmt and compliance• Eliminates self-insured claims risk,• Stabilizes cost• Reduces OPEB liability• Simpler administration



Non-Medicare Eligible Retirees

- Minimal private market options
- We will continue to review and access options



Next Steps

- Review plan design options
- Determine impact on operating costs
- Conduct RFP for vendor to administer Post-65 plan
- Communicate new plans in late summer/early fall

